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# CENTRAL

# INTELLIGENCE

## BULLETIN



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Approved For Belease 2002/09/04 : CIA-RDP79T00975A0053002300045X1 25X1 \*Laos: (General Phoumi on 26 September finally expressed some willingness to attend a meeting of military commanders in Luang Prabang called by King Savang to work out a solution to the political crisis. On the same date, the King issued a de-25X1 cree dismissing Phoumi from the Souvanna cabinet. Although 11 this could be merely a procedural matter, formalizing the cabinet's decision ten days ago to oust him, Phoumi could choose to interpret it as an affront that precludes any such meeting. Phoumi has informed Premier Sarit of Thailand that he would like to see Prince Boun Oum head any new Laotian cabinet, with Phoumi's followers dominating the military establishment, but this is probably a maximum negotiating position. Premier Souvanna Phouma, meanwhile, has made the first move toward opening diplomatic relations with the USSR. The Laotian ambassador in Phnom Penh proposed to the Soviet ambassador 25X1 there on 25 September that he be accredited to Vientiane. 25X1 III. THE WEST OK West Germany: In reaction to East German harassment of Berlin, Bonn now has initiated a few limited countermeasures, including refusal of new permits for deliveries to East Germany. Bonn is also preparing contingent embargo lists of such commodities as rolled steel and tools, and now tends to believe that such restrictions would have more than marginal importance to the East German economy. Ambassador Dowling regards these West German moves as significant and indicative of Bonn's willingness 25X1 to take further action. ii DAILY BRIEF 27 Sept 60

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## Bonn Moves to Combat East German Pressures on Berlin

In reaction to East German harassment of Berlin, West Germany has initiated a few limited countermeasures, including refusal to issue new permits for deliveries to East Germany, withholding implementation of the August 1961 interzonal trade agreement, and denying permission for West German firms to participate in next spring's Leipzig Fair. Although deliveries on existing permits are continuing, West German officials estimate the refusal to expand shipments will soon disturb the East German planning mechanism.

For some years past, the West German Government has shown reluctance to combat East German pressures with sweeping restrictions on interzonal trade and, as recently as early September, opposed interrupting shipments to East Germany on grounds that the East Germans might respond by harassing West Berlin's supply lines to the Federal Republic. In 1959, Bonn shipped more than \$1.5 billion worth of goods to West Berlin; West German interzonal shipments amounted to only \$256,800,000 last year.

Bonn now tends to believe that restrictions on certain commodities such as tools and rolled steel would have more than marginal importance for the East German economy, and is preparing contingent embargo lists of such goods. US Ambassador Dowling regards these West German measures as significant and indicative of Bonn's willingness to take further action.

Neues Deutschland, the East German official party organ, is seeking to play on fears of West German businessmen that French and British industry would profit from an embargo on steel shipments. On 22 September, moreover, the paper declared that any move of this character would fail because it is "contrary to the economic interests of the two German states" and because it will be repulsed by the bloc's economic strength.

The Western Allies' retaliatory measure of suspending issuance of temporary travel documents to East Germans desiring

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to visit Western countries was given support on 20 September by the tentative decision of the Benelux governments to withhold visas from East Germans lacking such documents. The Netherlands also suspended short-stay permits for East Germans, including those in transit who wish to seek visas from other missions in The Hague for travel beyond the Netherlands. The chiefs of the East German trade missions in Amsterdam and Brussels are reported to be pessimistic about the possibility of maintaining trade missions in the West if the Allies enforce these restrictions on East German travel.

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